

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 STR-04 ERDA-05 AID-05
CEA-01 CIAE-00 COME-00 DODE-00 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06
OES-06 SP-02 SS-15 TRSE-00 ACDA-07 FEA-01 ITC-01 /114 W
-----102353Z 114922 /72-61

P 102334Z MAR 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 2747

INFO USMISSION GENEVA

LIMITED OFFICIAL USE OTTAWA 01463

FOR STATE (EB); STR; FEA; WHITE HOUSE/SECRETARY
SCHLESINGER

E.O. 11652: N/A

TAGS: ENRG, CA

SUBJECT: CANADA PROPOSES PETROCHEMICAL TARIFF TALKS

1. AT MEETING WITH SECRETARY SCHLESINGER MARCH 4, ENERGY,
MINES AND RESOURCES MINISTER GILLESPIE SUGGESTED EARLY
BILATERAL TALKS ON REDUCTIONS IN PETROCHEMICAL TARIFFS.
GILLESPIE RECOGNIZED THAT ACTUAL NEGOTIATIONS OF PETRO-
CHEMICAL TARIFFS COULD TAKE PLACE ONLY IN THE FRAMEWORK OF
MTN, BUT DESCRIBED QUESTION AS OF SUCH POLITICAL IMPOR-
TANCE IN ALBERTA AS TO WARRANT EARLY MEETING.

2. SECRETARY SCHLESINGER AGREED TO PROPOSAL, WHILE
NOTING THAT TALKS WOULD HAVE TO BE EXPLORATORY ONLY,
INASMUCH AS ATTITUDE OF U.S. PETROCHEMICAL INDUSTRY
TOWARDS MUTUAL TARIFF REDUCTIONS IS PROBABLY NOT YET
KNOWN TO U.S. GOVERNMENT NEGOTIATORS.

3. IN MAKING HIS PROPOSAL, GILLESPIE DID NOT PUT FORWARD
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OTHER ELEMENT (TALKS ON POSSIBILITY OF AUGMENTING OR EX-
TENDING CURRENT GAS EXPORT CONTRACTS TO UNITED STATES)
WHICH ALBERTA PREMIER LOUGHEED HAS BEEN PROPOSING AS
INCENTIVE FOR BROAD REDUCTION IN U.S. PETROCHEMICAL
TARIFFS. WE UNDERSTAND LOUGHEED STIMULATED SENATOR
JACKSON'S INTEREST IN SUCH A TRADE-OFF WHEN JACKSON
VISITED ALBERTA LAST DECEMBER.

4. IN FOLLOWING UP SCHLESINGER/GILLESPIE EXCHANGE, WE BELIEVE IT WILL BE USEFUL TO SUGGEST A BROADER FRAMEWORK FOR DISCUSSIONS. WE SHOULD AVOID IMPRESSION THAT WE ARE AT THIS STAGE PROPOSING TO BARGAIN TARIFF REDUCTIONS FOR GAS SUPPLY ASSURANCES BUT QUESTION OF LINKAGE IS BOUND TO COME UP EVENTUALLY AND IT WOULD BE BEST TO HAVE FACTS ON THE TABLE. THEREFORE REQUEST WE BE AUTHORIZED TO SUGGEST TO EMR THAT BILATERAL TALKS ON "PETROCHEMICAL TARIFFS" INCLUDE DISCUSSION OF "LONG-TERM GAS SUPPLIES" AND HOW THESE IMPACT ON INTERESTS AND INTENTIONS OF INDUSTRIES ON BOTH SIDES OF BORDER. GILLESPIE TELLS ME HE THINKS TRADE NEGOTIATORS SHOULD LEAD THE DISCUSSION ON BOTH SIDES; BUT HE HAS NO OBJECTION TO INCLUSION OF ENERGY EXPERTS AND DISCUSSION OF GAS SUPPLIES.

5. ACTION: SUGGEST THAT PETROCHEMICAL TARIFF TALKS BE INCLUDED ON AGENDA WHEN INDUSTRY, TRADE AND COMMERCE MINISTER CHRETIEN, WHO IS KEY FIGURE IN MTN DECISION-MAKING CALLS ON SPECIAL TRADE REPRESENTATIVE DESIGNATE STRAUSS ON MARCH 28 OR 29. THEY COULD THEN FOLLOW THROUGH.

6. REQUEST INSTRUCTIONS. ENDERS

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Message Attributes

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Disposition Approved on Date:
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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